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House Urban Affairs Committee
March 3, 2021
10:30 am in Committee Room E1.026
Chair Rep. Philip Cortez

Good **Morning** Chair Cortez, Vice Chair Holland and members of the Committee. My name is Lee Kleinman and I am a member of the Dallas City Council and the Chair of the City Council's Legislative Committee.

Thank you all for allowing me to testify in front of the committee regarding the impact of COVID-19 on the City of Dallas operations.

As of this week, Dallas County is nearing 250,000 confirmed cases of COVID-19 and we have tragically experienced 2,899 COVID-19 related deaths. We are fortunate to have seen a decrease in new cases in recent weeks; however, uncertainty remains as more-transmissible variants continue to spread and may soon affect the City of Dallas.

We are hopeful that we can avoid another surge due to new variants or large gatherings, as we deploy many more vaccines. In fact, Dallas was selected for a FEMA mass vaccination site at Fair Park, and another FEMA vaccination site will be located nearby, in Arlington. Since March, our first responders, code officers, community care and homeless solutions staff, and many others have worked overtime to respond to what is now our new normal. Over ¹³⁶⁶ ~~###~~ first responders have quarantined after a COVID exposure, with ^{644 1100} ~~###~~ testing positive, and one losing his life. Dallas closed its libraries, cultural centers, recreation centers, and permitting office, and moved City Council and other public meetings entirely

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online. We even reduced the class sizes in our police academy to enable social distancing.

All of this came closely on the heels of a devastating tornado that ripped across Dallas, including my district, on October 20, 2019. It was the costliest tornado in Texas history, with \$2 billion in estimated insured damages, but fortunately no deaths. The City lost a fire station and had serious damage to other facilities and parks, and we lost significant tree canopy. We spent ~~\$\$\$~~ ^{\$16 mil} responding to and recovering from the storm, with only ~~\$\$\$~~ ^{\$14 mil} covered by insurance, and FEMA denying our request for assistance. Important to note, we activated our Emergency Operations Center for the tornado and had not fully deactivated it at that the time that COVID hit.

And of course, our Businesses, community organizations, renters, and homeowners needed our help. Beginning in March 2020, the City operated an overnight emergency shelter at the City's convention center. This operation included providing meals, showers, mental health services, and security for more than 3,000 people for a total of 50,000 total overnight stays. Additionally, the City operated a hotel option for both "housing ready" individuals and safe isolation of COVID-19 positive homeless individuals for almost 600 persons for a total of 11,160 total overnight stays, 33,480 meals provided, and 82 HMIS entries and qualification for housing programs. To increase housing access to persons experiencing homelessness, the City created and delivered a rapid rehousing effort with a goal of providing rent subsidy and case management to 300 individuals or families by December 31, 2020. This project successfully saw 472 persons rehoused and continuing to receive the benefits of a program that will lead to retaining housing

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long term. The City greatly expanded our capacity of supportive housing units for persons experiencing homelessness by purchasing three former hotel properties. The total of 324 units are still being utilized for isolation and quarantine space for those affected by COVID, served as temporary shelter during last month's winter storm and will soon be fully renovated and operated as long term supportive housing sites.

COVID-19 brought an immediate and deep decline in economic activity in Dallas. Sales tax receipts for the month of April 2020 were down 24.4% year-over-year. Hotel occupancy tax collections in April were down 91% year-over-year. Love Field Airport enplanements plummeted to almost zero. With closed facilities, we lost millions in revenue for park and recreation in particular.

To respond to our Budget crisis, the City cut expenses, froze hiring, travel, and non-essential spending, and furloughed about 390 employees from March 19, 2020 through September 30, 2020.

By September, we began to see some sales taxes recover, but were still in the negative year-over-year and \$14.8 million below budget, and we had lost \$17.5 million in charges for service. Hotel Occupancy Taxes were down 55% year-over-year, and similarly, monthly enplanements at Love Field were less than half pre-pandemic levels.

This fiscal year, sales tax receipts exceeded budget for the first three months. Sales taxes are still coming in below a year ago, but higher than we had budgeted. City management is now forecasting sales taxes will be \$16 million above budget for the year – not a full recovery, but certainly headed in the right direction.

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I am concerned about what lies ahead in terms of our largest source of revenue – property taxes. While residential values appear to be growing or at least holding steady, our largest appraisal district anticipates an increase in commercial appeals, which may prove successful for restaurants, retail, and other travel or hospitality-based businesses. If overall values in Dallas are flat, we will need to cut the general fund budget for next year by \$29 million. If values were to decline, we will need to cut even more. That will inevitably mean service cuts for our residents.

Keeping in mind that almost 65% of our Budget is for Public Safety

As we begin to see the light at the end of the tunnel of this COVID-19 public health crisis, we are just beginning the recovery for our City's operations. I am hopeful Congress will approve additional local funding in the recovery bill the Senate is now considering, and that FEMA will reimburse us for both our COVID and winter storm expenditures but any help we can receive from the State would be welcomed from our residents and your constituents across the state. Cutting essential city services or eliminating jobs won't help our residents or the economy recover properly.

Thank you again for allowing me to testify today and I am happy to answer any questions you all may have.